

BID PROCEDURES

These bid procedures (the “Bid Procedures”) set forth the process by which The Jolt Company, Inc. (“Jolt” or the “Debtor” or the “Seller”) shall market its assets to interested parties and conduct a sale by auction (the “Auction”).

On September 28, 2009 (the “Petition Date”), the Debtor filed the motion for entry of an *Order (I) Approving Asset Purchase Agreement and Authorizing the Sale of Assets of Debtor Outside the Ordinary Course of Business; (II) Authorizing the Sale of Assets Free and Clear of Liens, Claims, Interests and Encumbrances; (III) Authorizing the Assumption and Sale and Assignment of Certain Executory Contracts and Unexpired Leases; and (IV) Granting Related Relief* (the “Sale Motion”) (Docket No. _____), to be heard by the United States Bankruptcy Court for the Western District of New York (the “Bankruptcy Court”) (i) on _____, 2009, with respect to the Bid Procedures and the Bid Protections, and (ii) on the first Business Day following the Auction (or at the earliest practicable date as the Bankruptcy Court may determine) with regard to all other matters related to the Sale Motion (the “Sale Hearing”). On _____, 2009, the Bankruptcy Court entered an Order (I) Approving Bid Procedures Relating to Sale of Substantially All of the Assets of the Debtor; (II) Scheduling a Hearing to Consider the Sale and Approving the Form and Manner of Notices; (III) Establishing Procedures Relating to Assumption and Assignment of Certain Contracts, Including Notice of Proposed Cure Amounts; and (D) Granting Related Relief, thereby approving these Bid Procedures.

The Debtor and PEMF Partners, LLC (the “Buyer”) entered into an asset purchase agreement (the “APA”), dated September 24, 2009, and attached as Exhibit A for the sale of substantially all of the Debtor’s Assets (the “Assets”). Capitalized terms used in these Bid Procedures and not otherwise defined shall have the meanings ascribed to such terms in the APA.

Any party desiring to obtain a copy of the APA may do so by contacting Debtor’s counsel at:

Benesch Friedlander Coplan & Aronoff LLP
200 Public Square, Suite 2300
Cleveland, Ohio 44114
Attn: William I. Kohn, Esq.
(216) 363-4500 (Telephone)
(216) 363-4588 (Facsimile)
wkohn@beneschlaw.com

The Debtor provides these Bid Procedures for use by Potential Bidders (as defined below) and Qualified Bidders (as defined below) in submitting bids proposing a transaction to purchase or otherwise acquire substantially all, or a portion, of the Assets, and, as necessary, qualifying for and participating in the Auction. The Debtor seeks to enter into one or more transactions with one or more Qualified Bidders (as defined below) that will maximize the consideration received for the Assets.

1. IMPORTANT DATES

The Debtor shall, in its discretion:

- Assist Qualified Bidders (as defined below) in conducting their reasonable due diligence investigations;
- Negotiate, solicit and entertain offers for the sale of the Assets pursuant to the terms of these Bid Procedures;
- Accept Written Offers (as defined below) from Qualified Bidders (as defined below) until 4:00 p.m. (ET) on the Business Day that is seven (7) calendar days prior to the Auction Date;
- Select the Successful Bidder and Backup Bidder(s) (each as defined below) at the conclusion of the Auction to be held on _____ at _____ (ET); and
- Seek authority to sell assets to such Successful Bidder(s) at the Sale Hearing, to be held before the Bankruptcy Court on the first Business Day following the Auction (or at the earliest practicable date as the Bankruptcy Court may determine) at _____ (ET).

2. ASSETS TO BE SOLD

The Debtor seeks to sell all or a portion of its Assets.

3. CONFIDENTIALITY AGREEMENTS AND ACCESS TO DATA ROOM

Any person or entity wishing to bid on some or all of the Assets (each a “Potential Bidder”) must deliver (unless previously delivered) to the Debtor:

- (a) To the extent not already executed, a confidentiality agreement in such form acceptable to the Debtor (such form is available upon request to Debtor).

The Debtor will afford any Potential Bidder who satisfied the requirement set forth in Section 3(a) above such reasonable due diligence access or additional information as may be reasonably requested by the Potential Bidder that the Debtor, in its business judgment, determines to be reasonable and appropriate. The Debtor will coordinate all reasonable requests for additional information and due diligence access from such Potential Bidders. The Debtor shall not be obligated to furnish any due diligence information after the conclusion of the Auction. Neither the Debtor nor its advisors are responsible for, and will bear no liability with respect to, any information obtained by Potential Bidders in connection with due diligence. Notwithstanding anything contained herein to the contrary, the Debtor will decide what, if any diligence information to make available to a particular Potential Bidder in its business judgment, after consultation with the official committee of

unsecured creditors (the “Committee”), and, subject to such consultation requirements, neither the Debtor nor its representatives will be obligated to furnish any information of any kind whatsoever to any party.

Potential Bidders seeking information about the qualification process should contact the Debtor’s counsel (described above)

A “Qualified Bidder” is a Potential Bidder that delivers the documents described in subsection (a) above, whose financial information and credit-quality support or enhancement demonstrate, in the Debtor’s discretion, the financial capability of the Potential Bidder to consummate the proposed transaction for the desired Assets, and that the Debtor determines, in its discretion, is reasonably likely to submit a bona fide offer for the Assets and to be able to consummate such transaction if selected as the Successful Bidder (as defined below) within a time frame acceptable to the Debtor, and who submits a Qualified Bid as set forth below. As promptly as practicable after a Potential Bidder delivers the agreement required by subsection (a) above, after consultation with the statutory committee, if appointed, the Debtor shall determine, and shall notify the Potential Bidder in writing, whether the Potential Bidder is a Qualified Bidder.

Qualified Bidders requesting information in connection with their due diligence should contact the Debtor. Notwithstanding the foregoing or anything else in these Bid Procedures, the Buyer (or any designated Affiliate thereof) is hereby determined to be a Qualified Bidder for all purposes as the Auction.

4. REQUIREMENTS FOR A QUALIFIED BID

In order to participate in the Auction, if any, a Qualified Bidder must deliver to the Debtor a written offer (each, a “Written Offer”), which in order to be deemed a Qualified Bid, must meet each of the requirements listed below:

- (a) State that the Qualified Bidder is prepared to enter into a legally binding purchase and sale agreement for the acquisition of some or substantially all of the Assets on terms and conditions no less favorable to the Debtor than the terms and conditions contained in the APA (as determined by the Debtor in its reasonable business judgment after consultation with any statutory committee, if appointed);
- (b) Be accompanied by a clean and duly executed and binding APA alternate purchase and sale agreement (a “Modified Agreement”);
- (c) Be accompanied by a marked Modified Agreement reflecting any variations from the APA;
- (d) Be accompanied by a list of any executory contracts or unexpired leases that are to be assumed and/or assigned under such Written Offer;

- (e) Be willing to consummate and fund the proposed transaction before sixty (60) days from the Petition Date (the “Closing Date”);
- (f) To the extent not previously provided, state that the Qualified Bidder is financially capable of consummating the transactions contemplated by the APA or Modified Agreement, and contain evidence satisfactory to the Debtor in its discretion that such Qualified Bidder is reasonably likely to consummate the transactions contemplated by the APA or Modified Agreement;
- (g) To the Debtor’s satisfaction, (i) fully disclose the identity of each entity that will be bidding for the Assets or otherwise participating in connection with such bid, and, (ii) the terms of any such participation, and if an entity has been formed for the purpose of acquiring some, or all, of the Assets, the parties that will bear liability for any breach by such entity;
- (h) State that the Written Offer is irrevocable until the closing of the transaction, if such Qualified Bidder is designated as a Successful Bidder or a Backup Bidder (each as defined below).
- (i) Not request or entitle the Qualified Bidder to any transaction or break-up fee, expense reimbursement, or similar type of payment;
- (j) Is a higher or better offer than that contained in the APA with the Buyer, in the Debtor’s business judgment and after consultation with the statutory committee, if appointed;
- (k) Any agreement that provides for the purchase of the Debtor’s books and records must contain provisions allowing the Debtor reasonable access to these books and records for the administration of its bankruptcy case;
- (l) Not contain any material due diligence or financing contingencies as determined by the Debtor in its reasonable discretion;
- (m) In the Debtor’s discretion, provide evidence of authorization and approval from the Qualified Bidder’s board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the APA or Modified Agreement to the Debtor’s satisfaction;
- (n) Include a good faith deposit (the “Good Faith Deposit”) in the form of a certified check, wire transfer, or such other form as is acceptable to the Debtor payable to the order of the Debtor (or such other party as the Debtor may determine) in an amount equal to at least \$175,000; and
- (o) In addition, all documentation submitted in support of the Written Offer must be submitted both in hard copy and electronically.

The Purchase Agreement with the Buyer constitutes a Qualified Bid.

At its discretion, the Debtor may choose to either consider or disregard Written Offers for an insubstantial portion of the Assets. Any Good Faith Deposit accompanying a Written Offer that the Debtor, after consultation with the Committee, if appointed, determines not to be a Qualified Bid shall be returned promptly following such determination. Between the Bid Deadline (as defined below) and the Auction, the Debtor may negotiate or seek clarification of any Qualified Bid from a Qualified Bidder. Each Qualified Bidder shall provide to the Debtor any information reasonably required by such parties in connection with the evaluation of a Written Offer or Qualified Bid within one Business Day after such request is made. Without the consent of the Debtor, a Qualified Bidder may not amend, notify or withdraw its Qualified Bid, except for proposed amendments to increase the amount or otherwise improve the terms of the Qualified Bid, during the period that such Qualified Bid is required to remain irrevocable and binding.

6. Bid Deadline

All Qualified Bids must be received prior to 4:00 p.m. (ET) on the Business Day that is seven (7) calendar days prior to the Auction Date (the “Bid Deadline”), by each of the parties listed below.

Debtor: The Jolt Company, Inc.
130 Linden Oaks, Suite C
Rochester, New York 14625
Attn: Robert Clamp
bclamp@wetplanet.com

Debtor’s Counsel: Benesch Friedlander Coplan & Aronoff LLP
200 Superior Avenue, Suite 2300
Cleveland, Ohio 44114
Attn: William I. Kohn, Esq.
(216) 363-4500 (Telephone)
(216) 363-4588 (Facsimile)
wkohn@beneschlaw.com

Committee Counsel: [TBD]

7. Determination of Qualified Bids

Debtor shall, by no later than one (1) Business Day prior to the Auction, (i) determine in its business judgment, whether a Written Offer is a Qualified Bid and (ii) notify each Qualified Bidder submitting a Written Offer whether that Written Offer is a Qualified Bid.

8. “As Is”, “Where Is”

Except as otherwise provided in the applicable agreement, including, without limitation, the APA, the sale of any or all of the Assets shall be on an “as is, where is” basis and without

representations or warranties of any kind, nature or description by the Debtor, its agents or its estate except to the extent set forth in the applicable agreement of the Successful Bidder(s) as approved by the Bankruptcy Court. Except as otherwise provided in the applicable agreement, including, without limitation, the APA, all of the Debtor's right, title and interest in and to the Assets subject thereto shall be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against (collectively, the "Interests") in accordance with sections 363 and 365 of the Bankruptcy Code, with such Interests to attach to the net proceeds of the sale of the Assets, if any. Each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all desired due diligence regarding the Assets prior to making its Qualified Bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its Qualified Bid, and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bid Procedures or, as to the Successful Bidder(s), the terms of the transaction(s) as set forth in the applicable agreement.

9. Auction

In the event that, as the case may be, one or more Qualified Bids are received, the Debtor shall conduct an Auction of the Assets. The Auction shall be held on _____ at _____ (ET) at the offices of Benesch Friedlander Coplan & Aronoff LLP, 200 Superior Avenue, Suite 2300, Cleveland, Ohio 44114, and continue thereafter until completed. Subject to the APA, the Debtor may adjourn the Auction at any time, continue the Auction from time to time and re-open the Auction at any time prior to the commencement of the Sale Hearing, as is appropriate in the Debtor's reasonable business judgment. The Debtor may not cancel the Auction except (a) in the circumstances described in Section 10 below or (b) upon termination of the APA to the extent provided in the APA.

Except as otherwise permitted in the Debtor's discretion, only the Debtor, the Committee, if any, the U.S. Trustee, and Qualified Bidders and their respective professionals shall be entitled to attend the Auction. Only a Qualified Bidder that submitted a Qualified Bid is eligible to participate in the Auction.

The Auction shall be governed by the following procedures:

- (a) Qualified Bidders shall appear in person at the Auction, or through a duly authorized representative.
- (b) Except with respect to subsections (e) and (f) below, the Debtor, in its discretion, may conduct the Auction, in the manner that it determines, in its reasonable business judgment, will result in the Successful Bid(s) that will maximize the overall value of the Debtor's estate, and may adopt rules for the Auction at the Auction that, in the Debtor's reasonable business judgment, will better promote the goals of the Auction and that are not inconsistent with any of the Provisions of the Bid Procedures Order or the APA. All such rules will provide that: (i) the Auction procedures must be fair

and open, and not intended to cause any participating Qualified Bidder to be disadvantaged in any material way as compared to any other participating Qualified Bidder, and (ii) the Committee, if any, and all other participating Qualified Bidders shall be entitled to be present for all bidding with the understanding that the true identity of each bidder (i.e., the principals submitting each bid) shall be fully disclosed to all other participating Qualified Bidders and that all material terms of each Qualified Bid will be fully disclosed to all other bidders throughout the entire Auction. Each bid by a Qualified Bidder at the Auction, if not inconsistent with the provisions of these Bid Procedures, shall be deemed to constitute a Qualified Bid.

- (c) The Debtor will arrange for the actual bidding at the Auction to be transcribed.
- (d) Each Qualified Bidder participating in the Auction will be expected to confirm at the Auction that it has not engaged in any collusion regarding these Bid Procedures with any other Qualified Bidder, the Auction or any proposed transaction relating to the Assets or a portion thereof.
- (e) At the Auction, the first bid for the Assets other than the offer of Buyer set forth in the APA shall be considered only if it exceeds the purchase price set forth in the APA by a minimum of \$25,000. Subsequently, bidding will continue in minimum increments of at least \$25,000, with the specific increments for each round of bidding to be announced on the record at the Auction.
- (f) All Qualified Bidders shall have the right to, at any time, request that Seller announce, subject to any potential new Bids, the then current highest or best bid and, to the extent requested by any Qualified Bidder, use reasonable efforts to clarify any and all questions such Qualified Bidder may have regarding Seller's announcement of the then current highest or best bid.
- (g) In the Debtor's discretion, all Qualified Bidders shall have the right to submit additional bids and make additional modifications to the APA or Modified Agreement, as applicable, at the Auction, provided, however, that any such modifications to the APA or Modified Agreement, on an aggregate basis and viewed in whole, shall not be less favorable to the Debtor as determined by the Debtor.
- (h) Upon conclusion of the bidding, the Auction shall be closed, and the Debtor shall, as soon as practicable identify and determine in its business judgment the highest and best Qualified Bid for the Assets that would maximize the overall value of the Debtor's estate, taking into account that Buyer will be entitled to the Bid Protection, if applicable (each a "Successful Bid" and the entity or entities submitting such Successful Bid, each a "Successful Bidder") and advise the Qualified Bidders of such determination, and require the Successful Bidder (other than Buyer) to deliver an executed Modified Agreement prior to commencement of the Sale Hearing and deposit (in addition to the Good Faith Deposit) the sum of 10% of the Successful Bid

within two (2) Business Days after conclusion of the Auction (unless the Closing Date occurs prior to such time).

- (i) In addition, the Debtor will determine which Qualified Bid, if any, are the next highest and best Qualified Bid and designate such Qualified Bid as a “Backup Bid” in the event the Successful Bidder fails to consummate the contemplated transaction. A Qualified Bidder that submitted a Qualified Bid that is designated a Backup Bid is a “Backup Bidder”. Notwithstanding anything to the contrary in the Purchase Agreement, the Buyer will serve as a Backup Bidder, subject to the terms of the APA (as such agreement may be modified at the Auction). Each Backup Bid shall remain open and binding until the later of (i) two Business Days after the closing of the transaction(s) by which all of the Assets that were subject to such Backup Bid have been transferred to one or more Qualified Bidders pursuant to these Bid Procedures and (ii) eleven (11) days after the date of the Auction.
- (j) Following the conclusion of the Auction, the Debtor may resume bidding on such procedures determined by the Debtor in its discretion for the sale of discrete assets not sold to the Successful Bidder.

10. Sole Qualified Bid

If the Purchase Agreement with the Buyer is the only Qualified Bid submitted by the Bid Deadline, the Debtor, in consultation with the Committee, if any, and the Buyer, may determine not to hold an auction and instead request at the Sale Hearing that the Court approve the Purchase Agreement with the Buyer.

11. Sale Hearing

The Sale Hearing will be held before the Honorable John C. Ninfo, II on the first Business Day following the Auction (or at the earliest practicable date as the Bankruptcy Court may determine) at _____, (Eastern Time) at the United States Bankruptcy Court for the Western District of New York, located at 1220 U.S. Courthouse, 100 State Street, Rochester, New York 14614. After consultation with the Committee, if any, but subject to the terms of the APA, the Debtor may adjourn or continue the Sale Hearing from time to time without further notice to Committee, if any, or parties in interest other than by announcement of the adjournment in open court or on the Court's calendar on the date scheduled for the Sale Hearing or any adjourned date. At the Sale Hearing, the Debtor shall present the results of the Auction to the Bankruptcy Court and seek approval for the Successful Bid and the Backup Bid(s).

Following the Sale Hearing approving the transaction with respect to the Assets to the Successful Bidder, if such Successful Bidder fails to consummate an approved transaction for any reason, the appropriate Backup Bidder(s) shall be designated the Successful Bidder and the Debtor shall be authorized to effect such transaction without further order of the Court. The Successful Bidder and Backup Bidder (if any) should be represented by counsel at the Sale Hearing.

12. Consummation of the Purchase

(a) Closing Deadline

The Successful Bidder shall consummate the sale transaction contemplated by the Successful Bid (the "Purchase") on or before the Closing Deadline. Subject to the terms of the Purchase Agreement or Modified Agreement, the Debtor may extend the Closing Deadline from time to time in its business judgment. If a Successful Bidder-successfully consummates an approved transaction by the Closing Deadline, such Successful Bidder's Good Faith Deposit shall be applied to the purchase price in such transaction.

If the Successful Bidder either fails to consummate the Purchase on or before the Closing Deadline, breaches the APA or Modified Agreement or otherwise fails to perform, the Debtor may, in its business judgment and without further order of the Bankruptcy Court, deem the Successful Bidder to be a "Defaulting Buyer," at which time the Successful Bid shall be deemed rejected.

Subject to Buyer's rights to the Bid Protections, the Debtor shall be entitled to (i) retain the Good Faith Deposit as part of its damages resulting from the breach or failure to perform by the Defaulting Buyer, and (ii) seek all available damages from such Defaulting Buyer occurring as a result of such Defaulting Buyer's failure to perform.

(b) Back-Up Purchase

Upon a determination by the Debtor, after consultation with the Committee, if any, that the Successful Bidder is a Defaulting Buyer, the Debtor will be authorized, but not required, to consummate a sale transaction with the Backup Bidder on the terms and conditions of the Backup Bid (the "Backup Purchase") without further order of the Bankruptcy Court.

If a Backup Bidder consummates a Backup Purchase, the Good Faith Deposit of such Backup Bidder will be applied to the purchase price in such transaction. On an as-needed basis, the Debtor, in the exercise of its business judgment and after consultation with the Committee, shall determine an alternative Closing Deadline for the Backup Purchase. In the event that the Debtor seeks to consummate a Backup Purchase with a Backup Bidder and such Backup Bidder fails to consummate the Backup Purchase on or before the alternative Closing Deadline, breaches the APA or Modified Agreement or otherwise fails to perform, the Debtor may, in its business judgment and after consultation with the Committee, if any, and without further order of the Bankruptcy Court, deem such Backup Bidder to be a Defaulting Buyer and pursue the same remedies as under Section 12(a) of these Bid Procedures.

13. Return of Good Faith Deposits

Good Faith Deposits of all Qualified Bidders shall be held in an interest-bearing escrow account. Except for the Successful Bidder and the Backup Bidder(s), the Debtor shall hold the Good Faith Deposits of all Qualified Bidders that submit Written Offers until three (3) Business Days after the closing of the sale with the Successful Bidder or such other bidder who acquires some or all of the Assets.